

Hearing Date and
Time: December 27, 2000
at 10:00 a.m.

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re	:	
	:	
RANDALL'S ISLAND FAMILY	:	Chapter 11
GOLF CENTERS, INC., et al.,	:	Case Nos. 00-41065
	:	through 00-41188 (SMB)
	:	
Debtors.	:	
-----X		(Jointly Administered)

OBJECTION TO MOTION OF ORIX USA CORP.
FOR AN ORDER APPROVING SETTLEMENT WITH DEBTOR

TO THE HONORABLE STUART M. BERNSTEIN,
CHIEF UNITED STATES BANKRUPTCY JUDGE:

Looker & Associates, Inc. ("Looker") and Blue Sky Landscape Services, Inc. ("Blue Sky" and together with Looker, the "Objectors"), by their attorneys, Winick & Rich, P. C., as and for their objection to the motion (the "Motion") of Orix USA Corp. ("Orix") for an order approving the settlement set forth in the stipulation (the "Stipulation") between Orix and the above-captioned debtors (the "Debtors") and awarding Orix \$22,717.60 in expenses and fees not covered by the Settlement, aver as follows:

1. Prior to the Debtors' Petition Date, on March 30, 2000, the Superior Court of the State of Washington in and for the County of Pierce entered a default judgment (the "Judgment") in favor of the Objectors against Eagle Quest Golf Centers (Washington), Inc. dba Family Golf Center ("Golf"), one of the Debtors. The Judgment held that Golf owed Looker

\$94,399.06, interest to March 30, 2000 of \$15,502.14, and eighteen (18%) percent annual interest from March 30, 2000 to the date the Judgment is paid in full. The Judgment further held that Golf owed Blue Sky \$21,918.66, interest to March 30, 2000 of \$2,212.28, and twelve (12%) percent annual interest from March 30, 2000 until the Judgment is paid in full. In addition the Judgment awarded the Objectors their costs of \$3,243.20.

2. The Judgment also held the Objectors' Claims of Lien, which had been recorded in the office of the Auditor of Pierce County, Washington, on July 21, 1999 and August 12, 1999, to be valid liens upon real estate owned by Golf located at 708 112th Street East, Tacoma, Washington (the "Property"). According to a title search prepared in respect of the Property, Looker holds a second lien on the Property and Blue Sky holds the third lien.

3. By Order (the "Sale Order") dated September 7, 2000, this Court authorized the Debtors to sell certain properties, including the Property, free and clear of liens to Klak Golf, LLC ("Klak"). Pursuant to the terms of the Sale Order, the Objectors' liens attached to the proceeds (the "Proceeds") from the sale of the Property. The Objectors, however, had never received notice of the sale.

4. Orix and Flemington Equities, VII ("Flemington") did object to the sale because, among other reasons, the sale denied them the opportunity to credit bid. In settlement of their objections, the Debtors agreed to pay Orix and Flemington from the Proceeds prior to other secured creditors.

5. Pursuant to the Sale Order, the Debtors were to deposit all the Proceeds into a segregated interest bearing account. The Proceeds were to be held there until further order of this Court upon written notice to, among others, any party claiming a lien in the assets. Significantly, the Sale Order did not apportion the Proceeds received among the various properties sold.

6. Pursuant to the Stipulation, which the Court authorized on November 28, 2000, the perfection, extent and value of Orix's lien was determined and the Debtors agreed to pay Orix approximately \$2.8 million from the Proceeds. The Objectors never received notice of the Stipulation. The Stipulation provides that the aggregate of the Proceeds received by the Debtors under the Sale Order allocable to the property on which Orix held its lien exceed the amounts owing to Orix.

7. In the Motion, Orix now seeks approval of the Stipulation and approval of \$22,717.60 further in fees and expenses not covered by the Stipulation. In the affidavit of Joseph Aronauer in support of the Motion, Mr. Aronauer asserts that based on an appraisal and offer for the property securing Orix's lien, such property is worth more than the value of Orix's lien.

8. However, despite this allegation, the Debtors have not provided any information as to the amount of Proceeds allocated to each property that was sold.

9. The Objectors have no objection to the Motion so long as the Objectors' liens are treated identically to Orix and Flemington's liens. Because the Objectors had no notice of the sale, they did not have the opportunity to object. As such, their rights to the Proceeds should be on a par with Orix and Flemington. Thus, like Orix and Flemington, once the amount of their liens is determined by stipulation or by this Court, the Objectors should be paid the full amount of their liens from the Proceeds. Notably, at the previous hearing on this matter, the Committee stated that it supported such treatment of the Objectors' claims.

10. Alternatively, the Objectors maintain that payment to Orix should be withheld until such time as the Objectors have an opportunity to examine the Debtors' allocations of the Proceeds to each property sold, including the Property and the bases for such allocations.

Only by reviewing the Debtors' allocation of the Proceeds can the Objectors be assured that their interests are being treated fairly as compared to Orix and Flemington.

WHEREFORE, the Objectors submit that the Motion be denied unless the Objectors receive the same rights to the Proceeds as Orix and Flemington, or until such time as the Objectors have the opportunity to review the Debtors' allocation of the Proceeds and the methods used to reach such allocations.

Dated: New York, New York
December 22, 2000

WINICH & RICH, P.C.
Attorneys for Looker & Associates, Inc. and
Blue Sky Landscape Services, Inc.
919 Third Avenue
New York, New York 10022
(212) 935-9360

By: /s/ Laurie R. Binder
Laurie R. Binder (LB-0476)
For the Firm